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CIA/RR-CB-62-8

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NOFORN/CONTINUED CONTROL

Copy No. 28
24 January 1962

CURRENT SUPPORT BRIEF

EAST GERMANY ACCELERATES PROGRAM TO MINIMIZE RELIANCE ON STEEL IMPORTS FROM NATO COUNTRIES

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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EAST GERMANY ACCELERATES PROGRAM TO MINIMIZE RELIANCE ON STEEL IMPORTS FROM NATO COUNTRIES

Following the threat of interrupted interzonal trade in late 1960, the East Germans developed a comprehensive contingency plan for discontinuing imports of steel from West Germany and, with less urgency, from NATO countries generally. A major feature of the plan is a more strenuous effort, after considerable delay, to provide as scheduled in the Seven Year Plan (1959-65) the necessary domestic rolling capacity to produce the varieties of steel now delivered by NATO countries. As most of the new facilities of both Western and Soviet Bloc manufacture begin production during 1962-63 and as some of the vital types of steel become more readily available from the Bloc, East Germany should rapidly gain sufficient flexibility to withstand a denial of steel by NATO countries. Nevertheless, while the investment program matures in the short run--at least through 1962--East German industrial plans will remain sensitive to interrupted imports of steel from NATO countries.

Before the West German notice of abrogation of the 1961 interzonal trade agreements, East Germany already had planned to considerably reduce by 1965 its reliance on supplies of high quality steel from the West. 1/ Goals of the Seven Year Plan, set in late 1959, scheduled production of rolled steel to increase 55 percent, or from less than 2.3 million tons in 1958 to 3.5 million in 1965, and to provide most of the high-quality flat-rolled, tubular, and cold drawn items which largely constitute the East German imports of steel from NATO countries. 2/ Early in 1960, however, serious lags in the installation of rolling mills and shortages of high-quality rolled products were evident. Concurrently, East Germany concluded long-term trade agreements with the U.K., France, and Belgium covering imports of steel for 1961-65; continued sizable imports of steel from West Germany; and alluded to less than 3.1 million tons as the 1965 goal for production of rolled steel--a 12.5 percent reduction from the original plan. 3/ At the end of 1960, the threat of a possible NATO embargo apparently modified East German planning again; the program to provide additional rolling capacity was renewed in spite of investment lags affecting all major sectors of industry and official statements that few new projects would be started in 1961. Consequently, more new rolling mill projects were initiated by the East Germans in 1961 than during all of 1956-60. Progress to date suggests that the equipment shown in the appended table will become operative on or perhaps before the schedule indicated in the Seven Year Plan and the original 1965 goal (3.5 million tons) for production of rolled steel appears prominently in recent East German forecasts for the steel industry. 4/

Equipment supplied by Western industrial firms is accounting for an important share of the new East German finishing facilities. The most recent contract was placed in February 1961 with a French consortium which, beginning in 1962, will deliver seamless tube rolling and drawing facilities to the Riesa Steel and Rolling Mill. 5/ Contracts of even more significance have been negotiated with West German equipment manufacturers. Semicontinuous pipe welding equipment shipped to the Bitterfeld Pipeline Construction Plant from West Germany in mid-1961 should enable East Germany to meet its commitments to produce 20" pipe for the pipeline through Poland leading to the important oil combine at Schwedt/Oder. 6/ Other significant

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West German equipment deliveries scheduled during 1961-63 include an additional welded tube mill, cold drawing facilities for tubes, and a cold sheet rolling mill for the Finow plant; 7/ a rod mill, cold drawing benches for bars and wire, and equipment for establishing a heat-treating department including bright annealing furnaces at the Hennigsdorf Steel and Rolling Mill; 8/ and important auxiliary equipment for tempering, annealing, and vacuum casting at two alloy steel plants. 9/

Additional finishing equipment, some of which is already installed, is being delivered by equipment manufacturing plants of the Soviet Bloc. Included are new facilities at the Freital Alloy Steel Plant where the East Germans plan to produce special steels used in manufacturing chemical equipment of importance to their domestic and export plans. Projects at Freital include installation of equipment for rolling, forging, hardening, and surface conditioning as well as for vacuum melting and casting. 10/ Other equipment from the Bloc which will be available for production during 1962, includes East Germany's largest blooming mill, to be supplemented with a slabbing mill in 1964, and a wire drawing plant at the Brandenburg Steel and Rolling Mill, 11/ the nation's first extrusion press which will produce alloyed sections at the Groeditz Steel Mill, 12/ and a billet mill to supply material for the new seamless tube facilities to be delivered from France to the Riesa plant. 13/

Another positive East German move to provide new rolling capacity involves expansion of the Metallurgical Combine-East in Eisenhuettenstadt (formerly the J. V. Stalin Ironworks in Stalinstadt) where new steelmaking and rolling facilities were to be a major investment in the steel industry during the Seven Year Plan. No progress was made towards expanding this plant, however, until the end of 1961 when the plan to add rolling facilities was implemented. 14/ Although the plan is somewhat vague, a continuous strip mill and a cold sheet mill are to be the principal rolling equipment and are scheduled for operation during 1964-65. Recent information points to the USSR as the supplier of the equipment after preliminary negotiations failed to materialize between the East German Steel and Metal Trade Organization and aUS firm which tentatively had offered to supply a strip mill and cold reduction facilities. 15/

In addition to supplying equipment, Soviet Bloc countries, principally the USSR, are gradually providing other direct support to the East German program. A Soviet offer to deliver steel ingots --affirmed by Soviet Deputy Premier Mikoyan during his recent visit to the Frietal plant--may have caused the East Germans to redirect investment funds from the plans to add steelmaking furnaces to a further expansion of finishing facilities. 16/ (There is no evidence that new furnaces will be built at the Eisenhuettenstadt, Groeditz, and Brandenburg plants as originally scheduled during 1962-65.) In 1961, some increased bloc deliveries of alloy steels and of rolled steel, including cold rolled strip, tin plate, wire, and pipe, probably replaced shipments which would otherwise have been made by NATO countries. 17/ Current efforts to convert from DIN to GOST industrial standards suggest that the East Germans desire to make it convenient to substitute additional Soviet special steels in their industrial programs. Nevertheless, the willingness and speed of the Soviet Bloc to adjust their plans and offer further aid may well be limited as long as East Germany successfully negotiates with NATO and other Free World sources of steel.

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SCHEDULED ADDITIONS TO STEEL FINISHING CAPACITY, EAST GERMANY
1961-65

Plant and Location	Equipment	Annual Capacity (mt)	Source	Year of Completion
Bitterfeld Pipeline Construction Plant Bitterfeld	Semicontinuous welded pipe mill (500-600mm)	20,000	West Germany	1961
Brandenburg Steel and Rolling Mill	1120mm blooming mill	2,000,000	Czechoslovakia	1962
Brandenburg	Wire drawing plant	30,000	Czechoslovakia	1962
	850mm slabbing mill	1,000,000	Unknown	1964
Finow Rolling Mill Finow	250mm cold sheet mill	30,000	West Germany	1962
	Welded tube mill (18-108mm)	30,000	West Germany	1962
	Tube drawing mill (18-60mm)	20,000	West Germany	1964
Freital Alloy Steel Plant Freital	280mm bar mill	70,000	East Germany	1962
	600mm plate mill	na	Poland	1964
	800-ton forge	7,000	U.S.S.R.	1964
	2000-ton forge	17,000	U.S.S.R.	1962
	8 annealing furnaces		West Germany	1962
	25-ton vacuum casting chamber		West Germany	1962
	200-kw electron-beam furnace		East Germany	1962
Groeditz Steel Mill Groeditz	Extrusion press	na	U.S.S.R.	1962
Metallurgical Combine-East	1200mm continuous hot strip mill	500,000	U.S.S.R.	1965
Eisenhuettenstadt (Stalinstadt)	Cold sheet mill	100,000	U.S.S.R.	1964

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Plant and Location	Equipment	Annual Capacity (mt)	Source	Year of Completion
Riesa Steel and Rolling Mill	750mm billet mill	220,000	Poland	1962
Riesa	2 seamless tube mills (20-133mm)	60,000	France	1962-3
	2 tube-drawing benches	40,000	France	1963-4
	60-ton vacuum casting chamber		West Germany	1965
Wilhelm Florin Steel and Rolling Mill	Continuous rod mill	300,000	West Germany	1962
Hennigsdorf	Cold bar-drawing plant	35,000	West Germany	1962
	Wire-drawing plant	100,000	West Germany	1964
	Oil heat treating facilities	40,000	West Germany	1962
	Bright annealing section		West Germany	1962

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